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OCI NO. 3378/55  
COPY NO.CENTRAL INTELLIGENCE AGENCY  
OFFICE OF CURRENT INTELLIGENCE  
23 April 1955

MEMORANDUM FOR: Deputy Director (Intelligence)

SUBJECT : Preliminary Comment on Chou En-lai's 23 April  
Statement at Bandung

Chou En-lai's 23 April offer "to negotiate with the United States Government" on the relaxation of tensions in the Far East, "especially" in the Formosa area, appears to be a Communist effort to regain the initiative in the "peace" campaign. Chou's statement does not in itself modify any previous Communist position, although it does suggest an intention to postpone major military operations until the opportunities for negotiations have been examined.

Chou was expected to use the Bandung conference as an opportunity for assessing the attitudes of the conference participants, particularly Asian states, toward various possible courses of action. He apparently discovered, [redacted] 25X1

[redacted] that Asian sentiment strongly favors a negotiated settlement of Chinese issues. His statement is intended to try to recoup most or all of the losses Peiping had suffered in the predominantly anti-Communist proceedings at Bandung.

Chou's conciliatory statement does not necessarily indicate any change in Chinese Communist hostility to the US government. His assertion that the "Chinese people are friendly to the American people" is a standard Communist line, which distinguishes between "people" and governments.

Chou's statement does not make clear whether Peiping envisages direct negotiations with the United States or participation in a multiparty conference, although the Pakistani prime minister states that Chou's proposal is for "direct" Sino-American talks. The Communists have previously proposed a 10-nation conference of the US, Communist China, the USSR, the UK, France and the Colombo powers, all of whom except the US and France recognize the Peiping regime. Chou's 23 April statement does not appear to alter the Chinese Communist refusal to negotiate with Nationalist China in any way.

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| Document No.                          | 18                            |
| No Change in Class.                   | <input type="checkbox"/> 25X1 |
| <input type="checkbox"/> Declassified |                               |
| Class. Changed To:                    | TO 0                          |
| Auth:                                 | MR TC-2                       |
| Date:                                 | 21 Sept 78                    |
| By:                                   | [redacted]                    |

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Neither does Chou's statement suggest any change in Peiping's position, long stated both publicly and privately, that the regime intends to "liberate" all Nationalist-held territory and to reject all compromise proposals. There is as yet no reason to modify the view that the Chinese Communists would use any negotiations, whether direct or multi-lateral, to exploit differences of opinion between the United States and other major powers rather than to compromise their own claims.

It has long been Peiping's contention that the only solution for the Formosa issue would be the withdrawal of United States forces from the area. There has been some speculation, however, that Peiping might be willing to agree not to undertake a military operation against Formosa and the Pescadores in exchange for an American agreement to withdraw, particularly if Peiping could obtain concessions relating to control of the offshore islands, representation in the UN, and economic pressures against Communist China. Such an agreement would give Peiping immediate gains and would permit the regime to attempt at leisure to annex Formosa by political means.

In this connection an unconfirmed press dispatch from Bandung a few days ago quoted "Communist sources," possibly Communist newsmen, as saying that Peiping would not relinquish its claim to Formosa, but would be willing to postpone a military decision for a price. The "price" is reportedly related to the political and economic considerations cited above.

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